

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MARKET DOMINANT PRODUCT PRICES
INBOUND MARKET DOMINANT MULTI-SERVICE AGREEMENTS
WITH FOREIGN POSTAL OPERATORS 1
CANADA POST CORPORATION - UNITED STATES POSTAL
SERVICE BILATERAL AGREEMENT (MC2010-35)
NEGOTIATED SERVICE AGREEMENT

Docket No.
R2018-2

**NOTICE OF UNITED STATES POSTAL SERVICE OF MODIFICATION THREE TO
CANADA POST CORPORATION – UNITED STATES POSTAL SERVICE MULTI
PRODUCT SERVICE AGREEMENT**

(November 15, 2019)

The United States Postal Service (Postal Service) hereby provides notice of Modification Three, a negotiated extension of terms and market dominant rates, of the agreement filed in this docket, a bilateral agreement between the Postal Service and Canada Post Corporation (the Agreement). For rates in effect in 2020, the parties will temporarily depart from their usual schedule for negotiation of a two-year bilateral agreement. As a result of decisions taken by the Third Extraordinary Universal Postal Union (UPU) Congress, the Postal Service will implement self-declared E-Format rates beginning on July 1, 2020, and the parties expect to take account of this change in baseline rates in a subsequent modification or successor bilateral instrument.

For present purposes, the parties agreed to extend the existing terms of their bilateral agreement through June 30, 2020, with no change to the negotiated market dominant rates, which include inbound tracked packet rates. As of July 1, 2020, the inbound packet service will transfer to the competitive product list.

The modification to the Agreement and rates effective from January 1 through June 30, 2020, are filed in this docket under seal without redactions. Public versions of these documents are filed with this notice. The changes to competitive rates encompassed by this modification will be filed in related PRC Docket No. CP2018-96.

The Postal Service maintains that certain portions of the modification and related rates should remain confidential. The Postal Service incorporates by reference its Application for Non-Public Treatment of Materials filed under seal, which was previously filed in this docket.¹

For the reasons discussed, the Postal Service respectfully requests that Modification Three of the Agreement be favorably reviewed by the Commission.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
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November 15, 2019

¹ See Notice of United States Postal Service of Type 2 Rate Adjustment, and Notice of Filing Functionally Equivalent Agreement, at Attachment 1 (Application of the United States Postal Service for Non-Public Treatment of Materials), Docket No. R2018-2, November 17, 2017.

(d) The Parties acknowledge that the rates in connection with certain flows might not be approved by the PRC. Until such time as the Conditions Precedent are fulfilled that are necessary to provide the products or services contemplated under the Agreement, no obligation shall exist for the USPS or CPC and no benefit or rights granted through this Agreement or portion thereof, as appropriate, shall inure to either Party unless and until the Conditions Precedent shall have been fulfilled.

(e) In the event that the Conditions Precedent are not fulfilled, the USPS and CPC shall have no liability, which shall include no obligation to pay costs associated with any action taken by CPC prior to the fulfilment of Conditions Precedent. Further, in the event of the failure of any Condition Precedent, neither Party shall be held liable for any damages including, without limitation, the following: actual damages; special damages; indirect damages; incidental damages; punitive damages; consequential damages; or any other damages, which shall include but not be limited to damages for loss of business profits; business interruption; any other loss; and/or any cost incurred by either Party attributable to such non-approval such as attorney's fees.

Bilateral Modification Three Rates

(a) The rates stated in Attachment 1 replace the rates for the same products as stated in Attachment 1 of the Agreement and in Modification One, wherever they appear, for the term of this Modification Three.

(b) The rates on page 6 in Attachment 1 represent rates resulting from the applicable provisions of the Universal Postal Convention. As they are not negotiated rates, they appear here only for the convenience of the Parties and are operative as provided by the terms of the Universal Postal Convention.

(c) All other terms and conditions of the Agreement, as amended by Modification One, remain in effect.

4. Effective Date

(a) The Effective Date for the rates, as amended by the rates stated in this Modification Three, shall be January 1, 2020. The Agreement, as amended by Modifications One and Three, including the Attachments shall bind the Parties for the period beginning on the Effective Date and ending on June 30, 2020 (the "Extended Term"), unless terminated earlier in accordance with Article 22. "Term," wherever it is used in the Agreement, Modification One, and the Attachments, shall be replaced by "Extended Term."

(b) USPS will inform Canada Post once the Postal Regulatory Commission has completed its review of the southbound rates, which may occur on different dates for southbound market dominant and competitive rates.

5. Regulatory Notice

As required by law and in other subsequent regulatory filings, this Modification Three and any supporting documentation and related data may be filed with the Commission in docketed proceedings (including Commission Docket numbers R2018-2, CP2018-96, ACR2019, and ACR 2020). The USPS shall also furnish a copy of this Modification Three to the U.S. Department of State as required by law, and the USPS may also be required to provide copies of this Modification Three to other United States governmental agencies exercising their respective oversight, law enforcement, or regulatory jurisdiction. Canada Post has the right, in accordance with the Commission's rules, to address its confidentiality concerns directly with the Commission. The procedure for making an application to the Commission for non-public treatment of materials believed to be protected from disclosure is found at Title 39, U.S. Code of Federal Regulations, Part 3007, Subpart B, including Sections 3007.201 and 3007.204, and also on the Commission's website at <https://www.prc.gov/docs/105/105579/Order%20No.%204679.pdf>. At Canada Post's request, the USPS will notify Canada Post of any other docket numbers of other Commission proceedings, if any, besides those identified above, used in connection with the filing of this Modification Three and related data. As this Modification Three is intended to be a part of the Agreement, Modification Three is subject to the procedure set forth in Article 13 of the Agreement. Therefore, the Parties intend to confer regarding the redactions to appear in place of the part of this Modification Three identified as non-public before its public filing with the Commission.


6. Counterparts

The Parties may execute this Modification Three in one or more counterparts (including by facsimile or by electronic means, such as pdf format). Both Parties need not sign the same counterpart. All counterparts, taken together, shall constitute one original instrument.

IN WITNESS WHEREOF, the Parties agree to be bound as of the latest date of signature to the terms and conditions of the Modification Three.

United States Postal Service

Canada Post Corporation



Signature



Signature

Robert H. Raines, Jr.
Managing Director, Global Business

Rod Hart
Chief Customer and Marketing Officer

11/14/19

Date

11/13/19

Date

ATTACHMENT 1 RATES

Rates for the Contractual Bilateral Agreement between Canada Post Corporation and the United States Postal Service

Terminal dues rates listed in the tables included below are product stream rates per item and per kilogram stated in Special Drawing Rights (SDRs) unless noted otherwise. The rates are set on the conditions that current work sharing arrangements are substantially maintained. Any changes to current work sharing (i.e., sortation and preparation) arrangements will be subject to negotiation and mutual agreement first being reached including, but not limited to, agreement as to any impact on pricing.

2019 – 2020 Bilateral Rates

Bilateral Rates

Service	Stream	2019 Rates***		2020 Rates***	
Northbound		item	kg	item	kg
Tracked Letter Post*					
Registered					
Parcels					
Express Mail Service (EMS)					
EMS					
EMS Bag					
EMS Container					
Commercial EMS Bag					
Commercial EMS Container					
Commercial EMS					
Commercial EMS					
Merchandise Returns					
IMRS Parcels (CPC pays USPS)					

Service	Stream	2019 Rates***		2020 Rates***	
Southbound		item	kg	item	kg
Tracked Letter Post					
ePacket Bag*					
ePacket Container*					
IPA ePacket Bag					
IPA ePacket Container					
Registered					
Parcels					
Expedited Parcels Bag					
Expedited Parcels Container					
Priority Parcels Bag					
Priority Parcels Container					
Express Mail Service (EMS)					
EMS Flat Tray					
EMS Bag					
EMS Container					
EMS Bag					
EMS Container					
Merchandise Returns					
IMRS Parcels (USPS pays CPC)**					

2019 – 2020 Non-Bilateral (UPU) Default Rates

The rates in the tables below appear for informational purposes only and are not established by this Agreement. The rates listed below are the base terminal dues rates for 2019 and through June 30, 2020 established by the UPU through the Convention Article 29.

Non-Bilateral UPU Rates

Service	Stream	UPU Format	2019 Rates**		2020 Rates**	
Northbound			item	kg	item	kg
Non-Tracked Letter Post*						
Priority Letter Tray						
Priority Flat Tray						
Priority Packet Bag						
Priority Packet Container						
Priority M-Bag						
IPA Letter Tray						
IPA Flat Tray						
IPA Bag						
SAL Letter Tray						
SAL Flat Tray						
SAL Bag						
SAL Container						
SAL M-Bag						
Non Billable Services						
Empty Equipment						
Return to Sender - Letter Post						
Return to Sender - Parcels						

Service	Stream	UPU Format	2019 Rates**		2020 Rates**	
Southbound			item	kg	item	kg
Non-Tracked Letter Post*						
Priority Letter Tray						
Priority Flat Tray						
Priority Packet Bag						
Priority Packet Container						
Priority M-Bag						
Priority IPA Letter Tray						
Priority IPA Flat Tray						
Priority IPA Bag						
Priority IPA Container						
Non-Priority Flat Tray						
Non-Priority Large Container (Flat Trays)						
Non-Priority Large Container						
Non-Priority M-Bag						
Non Billable Services						
Empty Equipment						
EMS Returns						
Missent - US to US						

Specifications of Mail Product Categories and Formats

The rates for the stream categories above shall be based upon the following format and product definitions:

Letters	Any piece which has: <ul style="list-style-type: none">- a length less than or equal to 292 mm (11 1/2 inches) and- a width less than or equal to 155 mm (6 1/8 inches) and- a thickness not less than 0.1778 m (0.007 inch) thickness, or not more than 6 mm (1/4 inch)- and which has a weight of less than or equal to 2 kilograms (3.5 ounces for USPS).
Flats	Any piece exceeding any one of the maximum limits for a Letter and which has: <ul style="list-style-type: none">- a length less than or equal to 381 mm (15 inches) and- a width less than or equal to 292 mm (12 inches) and- a thickness less than or equal to 20 mm (3/4 inch)- and which has a weight of less than or equal to 2 kilograms
Packets	Any piece exceeding any of the maximum size limits for a Flat, but within the maximum size limits as set forth in the Universal Postal Convention Regulations Articles 17-102 through 17-105 and which has a weight of less than or equal to 2 kilograms
Parcels	Any piece corresponding to size limits as set forth in the Universal Postal Convention Regulations Article 17-204 and which has a weight of less than or equal to 30 kilograms
M-Bags	Printed matter in a direct sack to a single foreign address, subject to the Reservations of Canada and the United States of America in Universal Postal Union Article R XVI, which has a weight less than or equal to 30 kilograms
Registered Mail	Any piece that meets the size and weight dimensions of Letters, Flats, or Packets and bears a Registered label on the mail piece
EMS	See Attachment 3
Xpresspost-USA™ (EMS)	All documents or packages which bear Xpresspost-USA identification, and which bear an EMS logo and an S-10 EMS Unique identifier barcode and which meets the dimensions as per Attachment 3.
Expedited Parcel – USA™ (Priority Mail)	All air parcels corresponding to size limits as set forth in the Universal Postal Convention Regulations Article 17-204 and which have a weight of less than or equal to 30 kilograms.

Rates for International Business Reply Service (IBRS)

Definition and details regarding International Business Reply Mail (IBRS) can be found in Attachment 7 of the 2018-2019 Canada Post-United States Postal Service Contractual Bilateral Agreement.

Rates: The rate USPS will be invoiced by CPC is according to the following schedule.

IBRS Rate Schedule (SDRs)

Weight (in grams)	2018	2019	2020*